

returns from his branch without the knowledge of the officials of the company for the purpose of keeping up the returns from his branch. George Murtha, who was at Reefton, stated that he wanted his figures to be better than those of the Kumara and Hokitika branches, and Charles Murtha stated that he wanted to show returns as good as the other branches. Each brewer said he had no shares in the company, and that his salary did not depend on the profits of his branch. The company's return shows that in 1940 George Murtha, at Reefton, received a salary of £480, a bonus of £35, and a free house; and that Charles Murtha, at Kumara, received in 1940 a salary of £360 and a bonus of £20.

787. On the 2nd May, 1941, a further typewritten letter, dated 23rd April, 1941, and again signed "War Winner," was received by the Customs. This letter was in these terms:—

Comptroller of Customs,
Wellington.

DEAR SIR,—

For your information *re* the local brewery's duty frauds. Despite the fact that you have caught them red-handed.

1. The usual quantities of materials are entered in the book, in order not to clash with the brew which was found fraudulent. However, a surplus is put aside and the old strength taken. This results in a piling up of materials and to use these up a brew without notification is put through. A whole brew was made on the 19th inst. and no duty paid.

2. There is collusion between the brewer and the manager at Greymouth for the overstock beer to be bottled. This arrangement receives the silent assent from the directors.

3. The amount of unpaid duty for Reefton and Kumara for past four or five years must amount to £15,000 to £20,000.

4. Why not put Customs Officers stationed at all three Breweries and the bottling factory, all the time for two or three weeks? This would uncover these gigantic frauds.

A WAR WINNER.

This letter purported to come from the same source as had previously proved correct. It contained charges of fraudulent conduct which was being continued during the war and alleged the loss of large amounts of revenue. Yet no search-warrant was at any time executed on the company's premises.

788. A letter dated 9th May, 1941, was then written by a solicitor, on behalf of Westland Breweries, Ltd. The solicitor was himself a director of the company. The letter contained an admission that the company had, by its agents the brewers, committed offences against the Customs Act, but said that the directors were in no manner consenting parties to or cognizant of the offences committed by the brewers. The letter did not refer to the state of knowledge of the secretary-manager. The letter asked the Minister of Customs to determine the liability of the company under the provisions of section 244 of the Customs Act, 1913, on the grounds (a) that the publicity of a public prosecution would have a detrimental effect on the company's business and further depreciate the value of the shares, which shares must necessarily be affected by reason of the extraordinary payments the company would now be called upon to make; (b) that the directors, the accredited agents of the shareholders were neither parties to nor cognizant of the illegal practices; and (c) that the income-tax had been overpaid on the sum representing additional income not earned by the company (this sum being the equivalent of the amount of duty under-paid which should have been deducted from the profits) so that only 8s. 2½d. of each £1 of beer duty underpaid was not received by the Crown. The letter particularly urged that no action might be taken which would result in the cancellation or suspension of the company's brewer's license. A subsequent letter from counsel acting for the company represented that the directors had given an assurance that they were not cognizant of the evasions and that Court proceedings would injure their reputations, no matter how innocent they were.

789. Letters dated 10th May, 1941, were sent to the Customs by another firm of solicitors on behalf of the two brewers. These letters put forward the personal circumstances of these two men and asked that the matters should be dealt with under section 244 without recourse to the Courts.